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Message Text

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ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 LOC-01 SCI-06 HEW-08 L-03 TRSE-00

CIAE-00 INR-09 NSAE-00 RSC-01 RSR-01 INRE-00 /052 W
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P 091633 Z MAR 73
FM AMEMBASSY PANAMA
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C O N F I D E N T I A L PANAMA 1217

E. O. 11652: GDS
TAGS: EIND, PN
SUBJ: GOP PLANS REVISION OF PATENT LAW TO REMOVE PROTECTION FOR PHARMACEUTICALS

SUMMARY: PRIVATE BUSINESS AND MEDICAL ENTITIES HAVE BEEN REQUESTED BY MINISTER OF COMMERCE AND INDUSTRY TO STUDY AND SUBMIT COMMENTS ON DRAFT DECREE WHICH WOULD ELIMINATE PATENT PROTECTION FOR PHARMACEUTICAL PRODUCTS. GOP' S INTENT IS STATES TO BE LOWER DRUG PRICES FOR PANAMANIAN CONSUMERS. END SUMMARY.

1. LONG- TIME RESIDENT CHIEF EXECUTIVE OF MAJOR U. S. PHARMACEUTICAL FIRM OPERATING IN PANAMA AND COLON FREE ZONE CALLED AT EMBASSY AT OUR REQUEST, TO DISCUSS RECENT GOP MOVES AIMED AT DEPRIVING PHARMACEUTICAL PRODUCTS OF PATENT PROTECTION. HE EXPLAINED, AS BACKGROUND TO PRESENT SITUATION, THAT PREVIOUS PANAMANIAN GOVERNMENTS HAVE ATTEMPTED SAME THING IN PAST, MOST RECENTLY IN 1965 WHEN SIMILAR PROPOSED DECREE LAW NARROWLY MISSED BEING PASSED BY LEGISLATIVE ASSEMBLY COMMITTEE. (SEE EMBASSY REPORTING IN A-148 OF SEPTEMBER 30, 1965; A-154 OF OCTOBER 4, 1965; A-178 OF OCTOBER 21, 1965; AND A-408 OF MARCH 11, 1966.) THESE PRIOR MOVES, AS WELL AS CURRENT EFFORT, HAVE BEEN MOTIVATED, AT LEAST ON THE SURFACE, BY POLITICAL INTEREST IN LOWERING PRICES OF DRUG PRODUCTS TO CONSUMERS, AND TO SOME EXTENT DRAW ON REPORTED FINDINGS OF SENATOR ESTES KEFAUVER' S INVESTIGATION OF DRUG INDUSTRY
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IN U. S. ANOTHER FACTOR IN 1965 ALLEGEDLY WAS THE STRONG BACKING OF THE PROPOSED DECREE LAW BY A U. S. DRUG FIRM (MCKESSON AND ROBBINS) THROUGH ITS LOCAL PARTNER- REPRESENTATIVES, THE ELETA FAMILY. HOWEVER, THERE IS NO RPT NO EVIDENCE THAT EITHER MCKESSON AND ROBBINS OR THE ELETA FAMILY ARE INVOLVED IN THE CURRENT PROBLEM.

2. PRESENT GOP HAS EXPRESSED CONTINUING CONCERN OVER COST OF PHARMACEUTICAL PRODUCTS. THIS CONCERN BASED ON EFFORTS TO MAINTAIN TIGHT CONTROL OVER COST OF LIVING, ESPECIALLY FOR BASIC NECESSITIES, AND ALSO ON FACT THAT GOP IS VERY LARGE BUYER OF DRUG PRODUCTS FOR MINISTRY OF HEALTH AND FOR SOCIAL SECURITY HOSPITALS AND CLINICS.

3. IN NOVEMBER 1970 A HIGH LEVEL COMMISSION WAS ESTABLISHED TO STUDY PROBLEM OF DRUG COSTS. COMMISSION' S FIRST REPORT (ON PUBLIC SECTOR PROCUREMENT) WAS SUBMITTED FEBRUARY 15, 1971, AND RECOMMENDED REVISING GOP PURCHASING SYSTEM TO ELIMINATE WASTE AND INEFFICIENCY. COMMISSION' S SECOND STUDY (ON PRIVATE SECTOR) HAS NEVER BEEN COMPLETED.

4. SINCE LATE 1972 THERE HAVE BEEN INCREASINGLY STRONG RUMORS OF GOP PLAN TO CENTRALIZE ALL PUBLIC SECTOR DRUG PURCHASING AND DISTRIBUTION. BEGINNING JANUARY 1973, COPIES OF A PURPORTED DRAFT DECREE TO IMPLEMENT THIS PROPOSAL HAVE BEEN IN HANDS OF PRIVATE SECTOR. (COPY BEING AIR- POUCHED TO DEPARTMENT, ATTN: LEONARD HORWOITZ, ARA/ PAN).

5. IN EARLY FEBRUARY 1973, MINISTER OF COMMERCE AND INDUSTRY MANFREDO SENT TO CHAMBER OF COMMERCE, DRUG IMPORTERS AND OTHER ENTITIES COPIES OF DRAFT LEGISLATION TO REMOVE MEDICINAL PRODUCTS FROM PATENT PROTECTION. FORWARDING LETTER CLEARLY STATED GOVERNMENT' S INTENT WAS TO LOWER PRICES BY MAKING POSSIBLE SALE OF GENERIC DRUGS WHICH DUPLICATE AND ARE COMPETITIVE WITH THE PATENTED PRODUCTS. MINISTER' S LETTER REQUESTED THAT ADDRESSEES STUDY DRAFT LAW AND SUBMIT COMMENTS AND OBSERVATIONS BY MARCH 5. (THIS DATE NOW POSTPONED TO MARCH 15.)

6. DRUG FIRM EXECUTIVE INFORMED EMBOFF THAT, IN SPITE OF CONTENT OF MINISTER MANFREDO' S LETTER, MANFREDO MET CONFIDENTIAL

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PERSONALLY WITH CHUYBER OF COMMERCE SUBCOMMITTEE WHICH

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IS PREPARING RESPONSE, AND STRONGLY PLEADED FOR QUOTE AMMUNITION UNQUOTE TO ASSIST HIM IN DEFEATING THE PROPOSED DECREED, THE BUSINESS EXECUTIVE ALSO TOLD EMBOFF THAT PRESIDNE LAKAS HAD ASKED HIM PERSONALLY TO SUPPLY FACTS WHICH HE, LAKAS, COULD USE TO PREVENT PASSAGE OF DECREE.

7. ACCORDING TO SOURCE, BOTH MANFREDO AND THE PRESIDENT HAVE IMPLIED THAT SOMEBODY WAS GENERAL TORRIJOS' EAR IN THIS MATTER AND HAS CONVINCED HIM THAT SUCH A DECREE WOULD BE GOOD FOR PANAMA, AND WOULD ALSO BE POLITICALLY VERY ATTRACTIVE.

8. EMBASSY HAS TENTATIVE APPOINTMENT TO DISCUSS THIS PROBLEM WITH BUSINESSMAN WHO IS PREPARING CHAMBER OF COMMERCE REPLY TO MINISTRY. (THIS BUSINESSMAN IS CHAIRMAN OF CHAMBER' S COMMITTEE RESPONSIBLE FOR DRUG INDUSTRY, AND HE IS EXECUTIVE OF LOCAL SUBSIDIARY OF ANOTHER U. S. PHARMACEUTICAL COMPANY.) SUGGEST DEPARTMENT DISCUSS WITH PANAMANIAN AMBASSADOR.
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*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL

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Disposition Approved on Date:
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GDS
Errors: n/a
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